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TO RUEHOT/AMEMBASSY OTTAWA PRIORITY 0485
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INFO RUCNCAN/ALL CANADIAN POSTS COLLECTIVE
RUEHHA/AMCONSUL HALIFAX 1304

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FOR WHA/CAN

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SUBJECT: DANNY WILLIAMS PROMISES MORE CONFRONTATION WITH OTTAWA
FOLLOWING MASSIVE RE-ELECTION VICTORY

REF: A. HALIFAX 0081; B. HALIFAX 0077

¶1. SUMMARY: Premier Danny Williams is planning on a new round of fighting with Ottawa over resource revenues now that he and his Tory party have scored a massive victory in the October 9 Newfoundland-Labrador election. The Tories took 43 of the 48 seats up for grabs, the Liberals 3 and the NDP 1, while one district is still undecided. END SUMMARY

¶2. Voters in Newfoundland-Labrador have given Premier Danny Williams and his Tory party an overwhelming vote of confidence in the October 9 provincial election (reftels). As soon as the vote counting got underway, it was obvious that the Tories had swept the province, taking 43 of the 48 seats in the House of Assembly, including eight of the 11 seats the Liberals had held previously. One of the eight belonged to Gerry Reid, the Liberal Opposition leader who said he is prepared to stay on as leader if the party still wants him. As expected NDP leader Lorraine Michael held on to her party's only seat in the House, but the NDP failed to gain any new seats. (The final tally will not be known until November 6 when there will be a special vote in one district where one of the candidates died just prior to the election.)

¶3. COMMENT: Polling throughout Williams's first term in office had always indicated that that the popular premier would have an easy time in his re-election bid. However, not even Williams himself could have predicted a 70 percent approval rating, which historians say is the largest since Newfoundland-Labrador joined Confederation in 1949. Given his highly successful re-election campaign, Williams is using his ringing endorsement to launch another round of fighting with Prime Minister Harper over offshore oil and gas revenue sharing. The premier took advantage of the national media attention on October 9 to warn the PM that he was going to have to take on the entire province if he didn't back down from changes to the existing revenue sharing formula. That move spells more strife ahead in the coming months, but for now Williams is savoring his victory and laying the groundwork for mandate number-two. As for the Liberals, they are left pondering their future in a province where the voters are in almost total agreement that their Premier is indeed their staunchest defender. END COMMENT

FOSTER